



Oregon

Tina Kotek, Governor

Oregon Transportation Commission

Office of the Director, MS 11

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Salem, OR 97301-3871

DATE: August 1, 2024**TO:** Oregon Transportation Commission

**** DRAFT ***

FROM: Kristopher W. Strickler
Director**SUBJECT:** **Agenda/Consent Item XX** – Amend the 2024-2027 Statewide Transportation Improvement Program (STIP) to increase funding for US26 (Powell Blvd): SE 99th Ave - East City Limits project.**Requested Action:**

Approve amending the 2024-2027 Statewide Transportation Improvement Program (STIP) to increase the project funding for the *US26 (Powell Blvd): SE 99th Ave - East City Limits* project (K21178) from \$120,231,500 to \$158,786,600, for a total increase of \$38,555,100.

Project to increase funding:

US26 (Powell Blvd): SE 99th Ave - East City Limits (K21178)				
PHASE	YEAR	COST		Change
		Current Phase Total Estimated Cost	Proposed	
Preliminary Engineering	2018	\$19,030,430	\$19,030,430	\$0
Right of Way	2020	\$25,140,344	\$24,854,000	-\$286,344
Utility Relocation	2023	\$1,119,098	\$1,119,098	\$0
Construction	2025	\$73,246,628	\$113,088,072	\$39,841,444
Other	2022	\$1,695,000	\$695,000	-\$1,000,000
TOTAL		\$120,231,500	\$158,786,600	\$38,555,100

The additional \$39,841,444 of funding in the Construction Phase is coming from:

Fund/Description	Amount
FFY24 RAISE Grant	\$25,000,000
ADA GARVEE Bond funds	\$8,000,000
City of Portland – Portland Water Bureau - City's share of the waterline work	\$5,000,000
City of Portland – Bureau of Environmental Services (IGA for \$450,000 and CIA for \$61,500)	\$511,500
Utility Add work Agreements (Lumen, PGE, and Ziplly)	\$43,600
Moving unneeded (deobligated) funds from the OT to the CN phase	\$1,000,000

Moving unobligated funds from the RW phase to the CN phase	\$286,344
TOTAL	\$39,841,844

Background

The purpose of the *US26 (Powell Blvd): SE 99th Ave - East City Limits* project (K21178) is to make safety improvements to US26 (SE Powell Blvd) that include sidewalks, buffered bike lanes, enhanced pedestrian crossings, and a center turn lane. In 2007, ODOT began collaborating with the residents of East Portland and the City of Portland on how to turn Powell Boulevard into a safe and high-quality corridor to better serve the community with a specific focus on improving conditions for people walking, biking and accessing public transportation. The Oregon legislature provided funding, through House Bill 2017, for ODOT to design and construct the project on SE Powell Blvd. from SE 99th Avenue to the east city limits (just past SE 174th). Upon completion of construction, the corridor will be jurisdictionally transferred to the City of Portland.

Throughout the design phase, the design team utilized several tools to continually manage the project costs and find opportunities for cost reductions and project efficiencies including:

- **A Value Engineering (VE) Study** at the Design Acceptance Package (Dec 2020) – This study found cost reductions in stormwater design, set expectations for close coordination with utilities and work zones to minimize risks, and established the need for early procurement packages to reduce schedule risks.
- **An Association of General Contractors (AGC) Constructability Workshop** (Jan 2022) between Advance and Final plans – Contractors provided valuable information that the team used to assess an alternative traffic control strategy, as well as unit cost info that led to a refined cost estimate.
- **A Cost Risk Analysis (CRA)** at the Advance and Final plans stage (May and Aug 2022) – The CRA evaluated and confirmed appropriate market conditions, unit prices, and contingencies; and addressed strategies to mitigate top project risks.
- **Variability analysis for unit costs and quantities** (each project milestone) – This cost estimating tool further refined estimate certainty range.
- **A Project Risk Register** (ongoing) – This project management tool continually identified and assessed project risks and determined the best risk response strategies to mitigate cost and schedule impacts.

Even with all these measures in place, some cost elements were beyond what the project team could control, and project costs grew past the available funding. ODOT is now seeking to add \$38.5 million to ensure that when the project is awarded, there are ample funds to support the project for the full five-year construction duration. To do so, ODOT is seeking to add \$38.5M via:

- \$5.5M from the City of Portland to cover agreed upon improvements on their behalf.
- \$8M in ADA funding to cover upgrades to over 240 ADA settlement ramps.
- \$25M from the RAISE Grant to cover the following
 - \$15M: Increased complexity to administer the 5 year construction contract since originally estimated. This project originally anticipated that a Construction Engineering

(CE) budget of 20% of the biddable items. Since the project was scoped, both the biddable item cost increased, as well as the percentage guidance for CE budgets. For a project of this complexity (urban arterial, multiple partner agencies, five-year construction duration) the recommended CE percentage is now 30% to 40%. The increase CE percent is based on lessons learned from previous long-term projects such OR217 and Abernethy Bridge, and guidance from statewide construction office.

- \$6M: Additional funding to cover design and right of way costs due to delaying the project for two years. The delay requires extensions of temporary ROW easements, additional consultant work to update project plans and specs with updated requirements, and additional ODOT work to review and coordinate additional PSE submittals.
- \$2M: Additional material cost increases (2 years of inflation) since 2022 due to delay.
- \$2M: Additional contractor costs to support ODOT's equity and sustainability goals. While the CWA is paused as a result of the lawsuit, and the project specifications updated to remove the CWA, the project will likely include some local hiring and equity goals that could increase costs for the contractor.

Outcomes:

With approval of the STIP amendment to increase project funding, ODOT will proceed to fund, award, and construct US26 (Powell Blvd): SE 99th Ave - East City Limits project as described above.

Without approval, ODOT will not be able to move forward constructing this project in one phase. The project will need to be broken into multiple phases and constructed as funding becomes available for each additional phase, which will continue to add substantial cost due to both inefficiencies and unit price escalation.

Attachments:

- Attachment 1 – Vicinity and Location Maps